



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

July 13, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens National Bank of Albion
Charter Number 14435

10 West Elm Street
Albion, IL 62806

Office of the Comptroller of the Currency

St. Louis Field Office
2350 Market Street, Suite 100
St. Louis, MO 63103

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors that support the rating of Satisfactory are as follows.

- The distribution of loans to individuals of different income levels and to businesses of different sizes is reasonable.
- The geographic distribution of loans is reasonable.
- A substantial majority of the bank's loans were made within the assessment area (AA).
- The level of lending is more than reasonable based on the average of quarterly loan-to-deposit (LTD) ratios since the last CRA evaluation.

SCOPE OF EXAMINATION

This Performance Evaluation of the Citizens National Bank of Albion (CNB) assesses CNB's record of meeting the credit needs of the communities in which it operates. We evaluated CNB under the Small Bank performance criteria. CNB's AA received a full-scope review.

The evaluation period covers loans originated or purchased from January 1, 2007 through May 31, 2009. Conclusions regarding the bank's lending performance are based on CNB's primary loan products, i.e., business (non-agricultural loans) and consumer loans. The loan data we analyzed consisted of twenty business and twenty consumer loans that were originated or purchased during the evaluation period.

DESCRIPTION OF INSTITUTION

CNB is wholly owned by Citizens Bancshares, Inc., a one-bank holding company located in Albion, Illinois. As of March 31, 2009, CNB reported total assets of \$206 million and Net Tier One Capital of \$34 million.

CNB's business strategy focuses on business and consumer loans. Based on the number of loans, these two loan types represented 22% and 52%, respectively, of all loans originated or purchased during the evaluation period. Loan products offered include one-to-four family residential real estate loans, agricultural loans, commercial loans, and consumer loans. As of March 31, 2009, net loans represented 63% of total assets and consisted of commercial and commercial real estate loans (34%), residential real estate loans (25%), agricultural and agricultural real estate loans (34%), consumer loans (6%), and other loans (1%).

CNB is an intrastate bank located in southeastern Illinois. There are no legal, financial, or other factors impeding CNB's ability to help meet the credit needs of the AA it serves. Since the last CRA evaluation, CNB opened branch offices in Wayne and White Counties in November 2003 and February 2007, respectively.

CNB was rated Satisfactory at its last CRA evaluation dated October 29, 2002.

DESCRIPTION OF ASSESSMENT AREA

CNB's AA, consisting of Edwards, Richland, Wayne, and White Counties, is located in southeastern Illinois. CNB has four banking offices, four full-service ATMs, and two cash-dispensing ATMs. CNB's deposits total \$154 million as of March 31, 2009. Based on FDIC deposit market share data as of June 30, 2008, CNB is the second largest deposit-taking institution in the AA with a 14% market share. Competition for financial services is strong, as eleven other financial institutions have a presence in the AA.

There are no low-income and two moderate-income geographies within the AA. One of the moderate-income geographies is census tract (CT) 9580, within the city of Carmi (White County), seven miles from CNB's closest branch office in the city of Crossville. Competition is strong in this market as there are four financial institutions located within Carmi. The other moderate-income geography is CT 9780, within the city of Olney (Richland County). There are three financial institutions located within this CT. CNB's Olney branch office is located in an adjacent CT.

Major industries consist of retail trade, followed by services, and public administration. In the AA, non-agricultural wage and salaried employment decreased 6%, from 25,613 in January 2000 to 24,065 in May 2009. During the same time period, the unemployment rate increased from 5.9% to 8.7%. The state of Illinois' unemployment rate was 9.9% as of May 2009. Based on 2000 Census data, 13% of households in the AA live below the poverty level. The 2009 Department of Housing and Urban Development adjusted statewide non-metropolitan area median family income for the AA is \$51,900. Based on 2000 Census data, 27% and 19% of households are low- and moderate-income, respectively.

Two community contacts were made to a social services agency and a housing agency. The contacts indicated affordable rental units, affordable mortgages, emergency shelters, and home buyer counseling programs are primary needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CNB's LTD ratio is more than reasonable given the institution's size, its financial condition, and AA credit needs.

As of March 31, 2009, CNB's LTD ratio was 81%. The bank's quarterly average of LTD ratios since the last CRA evaluation was 79%. This ratio is higher than five comparable banks and is the same as one comparable bank. The average LTD ratios of these banks, which are comparable in size and location, range from 48% to 79% for the same time period.

Lending in Assessment Area

A substantial majority (93%) of loans were made within CNB's AA. Based on our sample of twenty business and twenty consumer loans, 95% and 90% were originated or purchased within the bank's AA, respectively.

| Lending in Edwards, Richland, Wayne, and White Counties | | | | | | | | | | |
|--|-----------------|-----|---------|-----|-------|--------------------------|-----|---------|-----|------------|
| Loan Type | Number of Loans | | | | | Dollars of Loans (000's) | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total (\$) |
| | # | % | # | % | | \$ | % | \$ | % | |
| Business Loans | 19 | 95% | 1 | 5% | 20 | \$839 | 95% | \$41 | 5% | \$880 |
| Consumer Loans | 18 | 90% | 2 | 10% | 20 | 94 | 85% | 17 | 15% | 111 |
| Totals | 37 | 93% | 3 | 7% | 40 | \$933 | 94% | \$58 | 6% | \$991 |

Source: Sample of 20 business and 20 consumer loans.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

CNB's lending distribution to borrowers of different income levels and businesses of different sizes is reasonable. We placed more weight on consumer loans vs. business loans because they represented a greater percentage of loans originated or purchased during the evaluation period.

Business Loans

The distribution of loans to business of different sizes is more than reasonable, based on a sample of 20 loans originated or purchased during the evaluation period.

The portion of loans extended to businesses with revenues of \$1 million or less exceeded the portion of area businesses that had revenues of \$1 million or less.

| Borrower Distribution of Loans to Businesses in Edwards, Richland, Wayne, and White Counties | | | | |
|---|--------------|--------------|-------------------------|-------|
| Business Revenues | ≤\$1,000,000 | >\$1,000,000 | Unavailable/ Unknown | Total |
| % of AA Businesses | 56.4% | 3.7% | 39.9% | 100% |
| % of Bank Loans in AA by # | 80.0% | 15.0% | 5.0% | 100% |
| % of Bank Loans in AA by \$ | 29.3% | 70.2% | 0.5% | 100% |

Source: Sample of 20 business loans; 2009 Dunn and Bradstreet Data.

Consumer Loans

The borrower distribution of consumer loans originated or purchased during the evaluation period is reasonable.

The portion of consumer loans to low-income borrowers and moderate-income borrowers exceeded the portion of AA households who are low- and moderate-income, respectively.

| Borrower Distribution of Consumer Loans in Edwards, Richland, Wayne, and White Counties | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Borrower Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer Loans | 26.7% | 30.0% | 19.5% | 25.0% | 19.8% | 15.0% | 34.0% | 30.0% |

Source: Sample of 20 consumer loans, and 2000 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of business and consumer loans originated or purchased during the evaluation period is reasonable. There are no low-income geographies in this AA.

Business Loans

The geographic distribution of business loans is reasonable based on a sample of 20 loans originated or purchased during the evaluation period. The portion of business loans originated or purchased in moderate-income geographies is lower than the portion of businesses within those geographies.

| Geographic Distribution of Loans to Businesses in Edwards, Richland, Wayne, and White Counties | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans | % of AA Businesses | % of Number of Loans |
| Business Loans | N/A | N/A | 12.5% | 10.0% | 87.5% | 90.0% | N/A | N/A |

Source: Sample of 20 business loans; 2009 Dunn and Bradstreet Data.

Consumer Loans

The geographic distribution of consumer loans is reasonable. The portion of consumer loans originated or purchased in moderate-income geographies is lower than the portion of households within those geographies. However, the distribution is reasonable given the performance context discussed in the Description of Assessment Area section of this evaluation.

| Geographic Distribution of Consumer Loans in Edwards, Richland, Wayne, and White Counties | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans | % of AA Households | % of Number of Loans |
| Consumer Loans | N/A | N/A | 9.8% | 5.0% | 90.2% | 95.0% | N/A | N/A |

Source: Sample of 20 consumer loans. 2000 U.S. Census data.

Responses to Complaints

No CRA-related complaints have been received by the bank or the OCC since the prior CRA evaluation.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.